

AR48

George
3/10/80
3/10/80
File

Annual Report
December 31, 1980

COMAPLEX
RESOURCES INTERNATIONAL LTD.

COMAPLEX RESOURCES INTERNATIONAL LTD. AND SUBSIDIARIES

Head Office:

Suite 901
1015 Fourth Street S.W.
Calgary, Alberta T2R 1J4

Registered Office:

Suite 1710 Board of Trade Tower
1177 West Hastings Street
Vancouver, British Columbia V6E 2L3

Board of Directors:

R.J. Balfour
Ottawa, Ontario

G.F. Fink
Calgary, Alberta

C.R. Jonsson
Vancouver, British Columbia

M.W. Pyke
Calgary, Alberta

J.S. Rogers
Regina, Saskatchewan

F.W. Woodward
Regina, Saskatchewan

Officers:

G.F. Fink
President

M.W. Pyke
Vice President

W.R. Lozanski
Vice President

C.R. Jonsson
Secretary

K.G. Lintott
Exploration Manager

Registrar and Transfer Agent:

Montreal Trust
Calgary, Alberta
Toronto, Ontario

Auditors:

Farvolden, Balderston
Calgary, Alberta

Solicitors:

McLaws & Company
Calgary, Alberta

Tupper & Company
Vancouver, British Columbia

Bankers:

Canadian Imperial Bank of Commerce
Calgary, Alberta

Subsidiary Companies:

Wollex Exploration Ltd.
Radiometric Surveys Ltd.
Comaplex Resources, Inc.

Stock Listing:

Toronto Stock Exchange
Toronto, Ontario

Statistical Summary

	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Oil and gas income	\$990,660	\$642,131	\$350,425	\$259,370	\$ 86,113
Mining income	477,658	821,290	1,003,035	295,358	190,001
Income generated from operations	902,758	975,683	831,728	256,624	390,748
Funds generated per share	* 0.20	0.44	0.41	0.19	0.35
Net income (loss)	(550,168)	399,826	447,499	108,343	224,731
Net income (loss) per share	* (0.12)	0.18	0.22	0.08	0.20

*Giving effect to a 2 for 1 stock split.

Market History

<u>Year</u>	<u>High</u>		<u>Low</u>		<u>Close</u>		<u>Percentage Increase</u>
1974	\$0.72		\$0.12		\$0.15		
1975	0.40		0.08		0.18		20%
1976	0.30		0.12		0.22		22%
1977	1.20		0.25		1.13		414%
1978	4.35		0.90		3.20		183%
1979	6.38		3.50		4.90		53%
1980	8.80	\$4.40*	4.50	\$2.25*	7.30	\$3.65*	48%

*Prices after a 2 for 1 stock split in 1980.

Directors' Report to Shareholders

During the year 1980 the Company concentrated its effort mainly in (1) drilling and increasing its land holdings in the United States, and (2) acquiring gold, silver and base metal properties in Canada. In the United States program we participated in drilling 18 wells in 1980, four of which have been completed as oil wells, two as gas wells and twelve dry holes. We estimate that the Company's working interest share in U.S. proven reserves is 32,000 barrels of oil and 700 MMCF of gas. These wells are now all on production. In Canada the Company acquired approximately 30,000 gross acres of mineral properties in the Province of British Columbia (15,000 net) and approximately 13,500 gross acres of mineral properties in the Timmins area of Ontario (13,000 net). The mineral properties acquired in Canada are located in geologically favourable environments for gold, silver and base metals. These properties are discussed in more detail in a later section of this report.

Exploratory work and drilling continued on a number of our uranium properties in 1980 and will continue in 1981. See the heading "Mining Division" for further details. There has been a decrease in mining activity in uranium properties during the past year, however, it is still somewhat encouraging in that many of the major resource companies are continuing to actively pursue uranium reserves and are still continuing with substantial budget allocations to this segment of the mining industry. Net revenue from the mining division decreased to \$477,658 (1979 - \$821,290), the decrease being mainly attributable to a reduction in the sale of mining properties. We do not anticipate any further reductions in this division in 1981.

Oil and gas net revenue increased to \$990,660 (1979 - \$642,131) an increase of 54% over the previous year, indicating that the Company is continuing towards its goal of establishing a sound cash flow from oil and gas revenues and in establishing long term reserves. We anticipate that we should

experience a slight increase in oil and gas revenues during the ensuing year; the Federal Government's 8% Petroleum and Natural Gas Tax will eliminate any large increases in net oil and gas revenue in 1981.

We are concerned about our 1980 net loss of \$550,168 compared to a profit of \$399,826 in 1979, however, when you are on a successful efforts basis of accounting (all dry holes are expensed), as Comaplex is, it results in much larger fluctuations in profit than if the full cost method is used in which dry holes are capitalized and written-off over a period of years on a unit of production basis. The difference in profits for the two years is due in most part to the write-off of dry holes in the United States.

During 1981 we anticipate that more of our oil and gas budget will be spent in Canada. We are optimistic that an agreement will be reached between the producing Provinces and the Federal Government in the not too distant future that will be somewhat more favorable to companies, such as Comaplex, who qualify as Canadian corporations. We have been acquiring additional properties in the Provinces of Alberta and Saskatchewan during the past few months and are tentatively scheduling drilling programs for the latter half of 1981 on some of these properties. The Company will also continue to pursue its drilling and property acquisition programs in the United States.

The directors appreciate the interest and support indicated by our shareholders and the continued support and effort by the employees.

Submitted on behalf of the Board of Directors

George F. Fink
President

Oil and Gas Division

EASTCOAST OFFSHORE

The continued success reported by operators in the Grand Banks area in the Canadian Eastcoast Offshore is very encouraging to Comaplex. The South Tempest well is located approximately twenty miles from Comaplex's interests in its Eastcoast Offshore properties. Comaplex has a 1.3% working interest in 216,000 acres. The operator of the South Tempest well recently announced the recovery of hydrocarbons in tests taken from this well. Additional successes in drilling in the Hibernia area and in the recently drilled Hebron well indicate that many of the anomalies located in this general area may be hydrocarbon bearing.

A seismic program was completed in 1980 by the operator, Esso Resources Canada Limited, on the southern block of lands in which Comaplex has an interest. Although a final interpretation of the 1980 seismic has as yet not been completed, results analyzed to date have indicated some encouragement. Further evaluation work is continuing on these seismic lines. After the evaluation has been completed we will be able to provide shareholders with general information, however, we will be somewhat restricted because of a confidentiality agreement with partners in this project that precludes us from providing detailed information.

A further detailed seismic program has been scheduled for 1981 by the operator. A drilling program has not been planned for the near future and we do not anticipate that such a plan will be formulated until the Federal authorities establish more clear cut policies for Canada lands, especially in formulating an oil price for production from Canada lands.

UNITED STATES PROPERTIES

During the past year our involvement in the United States consisted mainly in drilling on

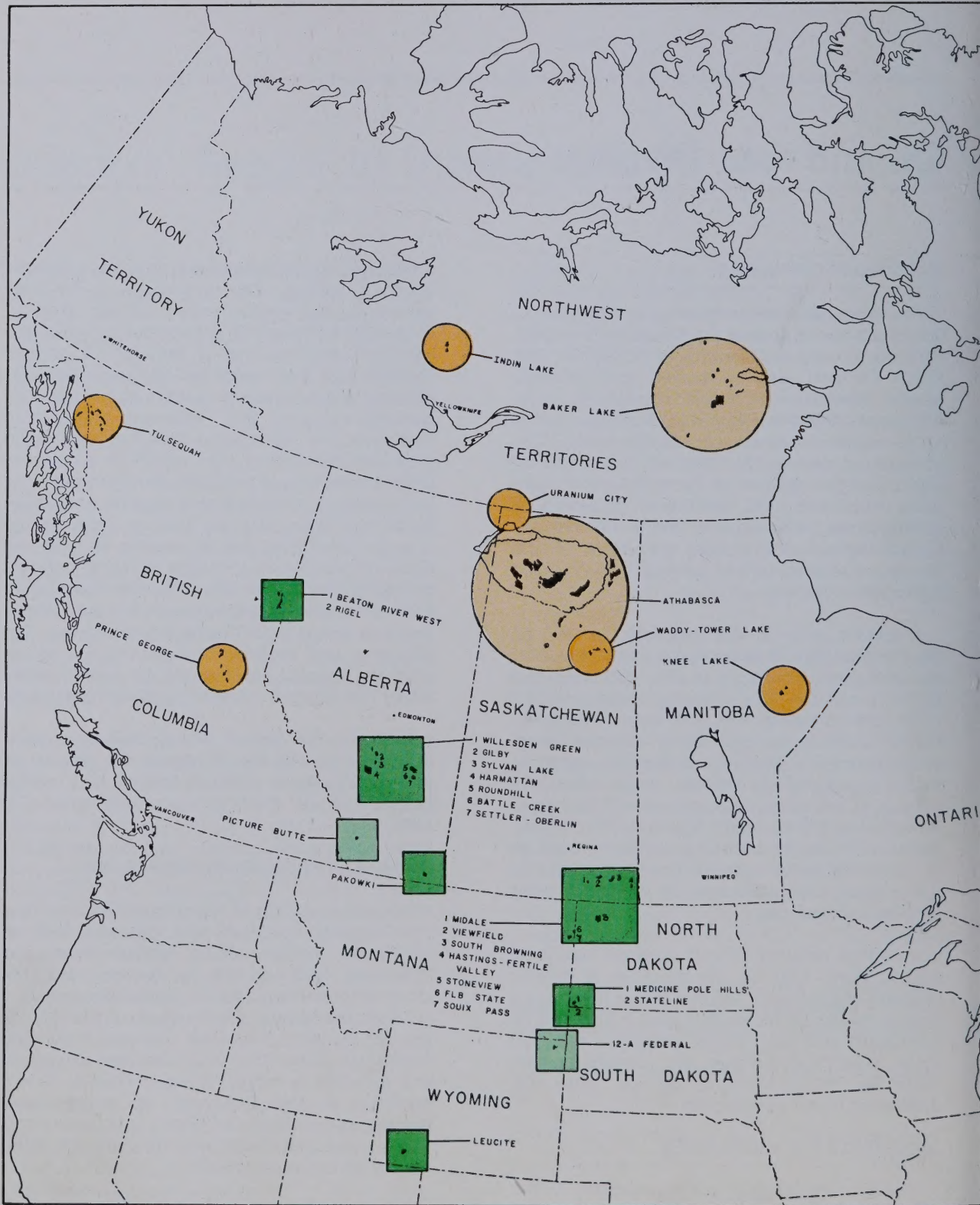
prospects that had been researched and prepared by third parties. This approach we felt was necessary to obtain exposure in certain areas of the United States and to provide our staff with the necessary training that is required to become familiar with both technical and administrative customs and regulations in these new areas. The negative aspect of this "farmout" approach is that there are promotional fees that have to be paid and therefore it may result in substantial premiums being paid in terms of a cash outlay or in the sharing of production if reserves are proven by such drilling. We feel that we have gained enough knowledge and experience that we are now in a position to formulate some of our own prospects and acquire and drill or farmout certain of the prospects developed by our own staff and in this way reduce or eliminate a broker's fee. The Company will continue to assess and evaluate third party prospects, but will be concentrating most of its efforts in developing its own prospects.

Wells in the United States that have been completed as potential producers are now all on production and we estimate that we will receive \$250,000 for our share of production revenue in 1981.

CANADIAN PRODUCING PROPERTIES

The major portion of the Company's cash flow from oil and gas properties in 1980 was from the Harmattan Elkton Unit, Stettler area and Willesden Green areas in Alberta and the Viewfield Voluntary Unit in Saskatchewan. Most of the production from these areas is oil production and with the exception of the Harmattan Elkton Unit is all classified as new oil and therefore is subject to lower rates of Crown royalties in the Provinces of Alberta and Saskatchewan. The Company anticipates that these areas will continue to produce with little decline for the next ten years.

Total production for the Company during the



COMAPLEX RESOURCES INTERNATIONAL LTD.

LOCATION OF NATURAL RESOURCE PROPERTIES

— LEGEND —



COMAPLEX PROPERTY

MINERALS DIVISION



URANIUM PROPERTIES



GOLD-SILVER-BASE METAL PROPERTIES

OIL AND GAS DIVISION



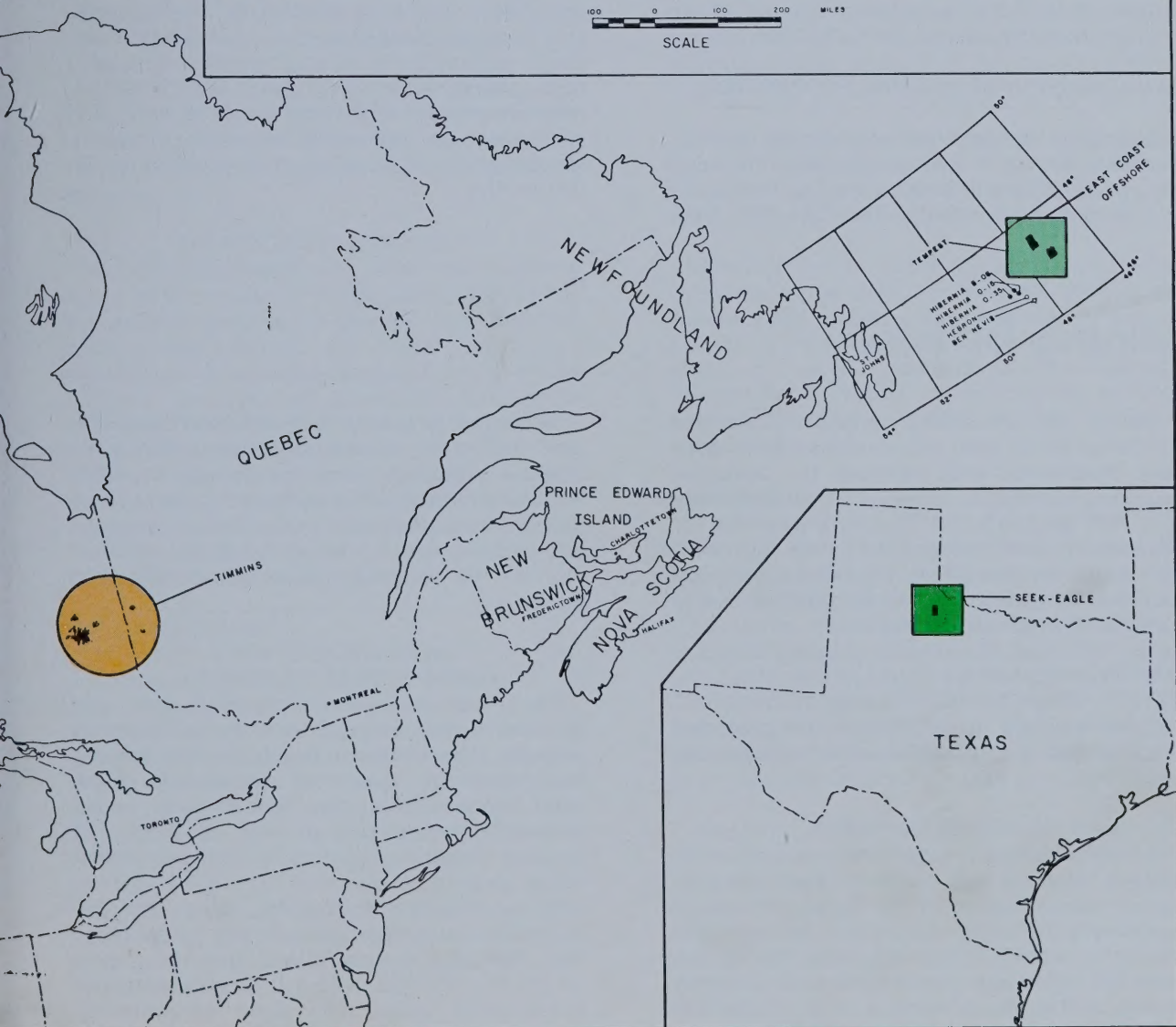
MAINLY OIL AND/OR GAS PRODUCING PROPERTIES



NON-PRODUCING OIL AND/OR GAS PROPERTIES

100 0 100 200 MILES

SCALE



Oil and Gas continued

year was approximately 81,000 barrels of oil and 200 MMCF of gas. Only a small portion of this production was from U.S. properties since the majority of our U.S. wells were not placed on production until the fourth quarter of 1980.

CANADIAN NON-PRODUCING PROPERTIES

During the past year the Company has reduced its drilling activity in Canada because of the very onerous conditions legislated by the Provincial and Federal governments. The Company has,

however, continued to research various areas in Canada and as a result of this research has acquired and is continuing on an on-going basis to acquire non-producing properties in the Provinces of Alberta and Saskatchewan. As outlined in an earlier section of this report, management is optimistic that the oil and gas rules in Canada will be relaxed somewhat in the near future so that it will once again be economical for small Canadian companies to pursue their drilling objectives in this country.

Mining Division

During 1980 exploration programs conducted by Comaplex for base and precious metals were very successful and resulted in Comaplex acquiring interests in numerous properties mainly in British Columbia and Ontario. Exploration for uranium in Saskatchewan and the Northwest Territories on properties in which Comaplex holds carried interests continued on a significant level in terms of expenditures and results.

BRITISH COLUMBIA

Exploration by the Company for base and precious metals in British Columbia increased significantly during 1980.

(a) TULSEQUAH AREA

A \$250,000 regional exploration program for massive sulphide and gold and silver mineralization was conducted in the Tulsequah area in northwestern British Columbia during 1980. Comaplex is a 50% joint venture partner in this area. Geological and geochemical reconnaissance of selected formations within a 3,000 square mile area resulted in the staking of over 500 claim units covering some 30,000 acres.

Numerous targets for vein type and disseminated gold-silver mineralization or volcanogenic massive sulphides were discovered in 1980. Detailed evaluations of these occurrences (where grab samples taken late in the 1980 field season returned between 0.5 oz. and 0.96 oz. gold per ton) will be undertaken during the 1981 field season.

(b) TULSEQUAH AREA (ENTERPRISE PROPERTY)

The most noteworthy property that was acquired in the Tulsequah area is the Enterprise property. This discovery is a gold-silver bearing base metal vein system of considerable length with indicated ore grade values over mining widths. Continuous chip samples across the well exposed eastern portion of the vein averaged better than 0.2 oz. gold and 7.0 oz silver per ton with good values in copper, lead, zinc and antimony over an average width in excess of six feet. The vein system is well exposed over a length of 1,500 feet before it strikes beneath a drift-covered valley. The same mineralization appears on strike in the valley bottom some 2,200 feet west and on strike a further 1,800 feet west on

Mining continued

the opposite side of the valley giving a total apparent strike distance between exposures of over 5,600 feet and a vertical range of 1,500 feet. Trenching, geophysics and diamond drilling will be conducted during June and July, 1981. An option agreement has been consummated for the evaluation of this promising gold-silver vein system. Under terms of this agreement, the Company and its original joint venture partner will maintain 80% interest (40% each) and be carried during the initial \$450,000 of exploration expenditures.

(c) PRINCE GEORGE AREA

In the Prince George area, where the Company has a 50% interest in 10,000 acres, a \$300,000 program of geophysics, geology, and diamond drilling was carried out under an option agreement. The main prospect area covers excellent geological and geochemical parameters in a volcanic environment known to be favorable for the occurrence of massive sulphides. The cause of metal values in soils ranging up to 6,500 ppm copper and 2,500 ppm zinc with corresponding high silver values have yet to be determined. Further evaluation work on this property is expected to be conducted in 1981.

SASKATCHEWAN

Comaplex presently holds interests in 22 properties, together comprising 2.3 million acres, located either within or along the perimeter of the Athabasca Basin. To date a minimum of approximately \$8.8 million have been spent on these properties. Uranium occurrences have been discovered on nine properties and diamond drilling conducted on eight properties.

In 1981 continuing exploration programs will be conducted on a minimum of 10 properties of which three of these programs will constitute continued diamond drilling.

Of these three properties, one is located in the

Key Lake area, one in the Uranium City area, and one in the southeast part of the Athabasca Basin.

Comaplex's interest in the three properties on which continued diamond drill programs will be conducted is 3⅓% net profits interest, a 2.7% working interest, and a 10% net profits interest, respectively.

Three gold properties, totalling 5,780 acres, located in the Waddy lake area are presently under negotiations for option. Comaplex presently has a 100% working interest in these properties.

Results of an exploration program conducted by Comaplex in the Uranium City area, White Lake silver-copper property, suggests the genesis of the mineralization is similar to the Mulfuliria-type stratiform copper deposits of the Zambian Copperbelt. Comaplex holds a 100% working interest in the property and is presently negotiating an option.

MANITOBA

In the Knee Lake area of Manitoba the Company carried out geological reconnaissance, geophysics and sampling on properties totalling 8,300 acres. Numerous conductors located in a favorable volcanic environment were delineated which will be drill tested in 1981 and early 1982. The Company has a 30% carried interest in 2,000 acres to an expenditure of \$500,000 by the optionee and a 14% carried interest in 6,300 acres to a production decision.

Sampling of the gold property at Knee Lake along with historical records indicate ore shoots associated with a shear zone have an average grade of in excess of 1.0 oz. gold per ton. Past underground exploration indicated insufficient tonnages for economic recovery, however, ground geophysics recently completed have outlined additional targets along strike which will be drill tested in 1981 and early 1982.

Mining continued

ONTARIO and QUEBEC

During 1980 Comaplex acquired a 100% working interest in 16 claim groups, together comprising 13,500 acres in the Timmins area of Ontario and one claim group comprising 1,550 acres in the Noranda area of Quebec. The 16 groups in the Timmins area cover eight known gold occurrences, four gold prospects, one known massive sulphide occurrence and three massive sulphide and/or gold prospects. The Noranda property was acquired for its massive sulphide potential. The program to be conducted in 1981 on both the Timmins and Noranda properties will consist of further evaluation of existing properties, negotiating agreements to option existing properties to third parties, and acquisition of additional properties.

NORTHWEST TERRITORIES

Continuing exploration programs were conducted in 1980 on the uranium properties in the Baker Lake area. Of specific interest were results of

further work conducted on the Longspur property. Detailed structural and lithologic data shows the uranium mineralization discovered in 1979 is confined to a brecciated contact zone between a fluorite-bearing mariolitic granite and subaerial trachyte volcanic rocks. In addition, numerous felsenmeer cobbles and slabs returning values up to 42% U_3O_8 and 8% Pb were located by prospecting along the contact zone. On the Longspur property, Comaplex is carried to a total expenditure of \$10 million at which time Comaplex may elect to participate for a 20% working interest or retain a 1.5% net smelter royalty. Continuing exploration programs will be conducted in 1981 on five of the eight properties located in the Baker Lake area in which Comaplex presently holds interests.

Two groups of contiguous mineral claims, comprising 10,230 acres, were acquired to cover a total of eight gold occurrences in the Indin Lake area. An exploration program to further evaluate these occurrences is planned for 1981. Comaplex presently has 100% working interest in these properties.

Consolidated Statement of Loss

For the year ended
December 31, 1980

(With comparative figures for the prior year)

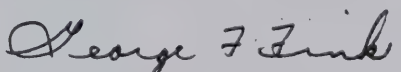
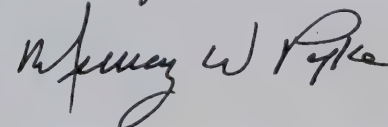
	1980 \$	1979 \$
OIL AND GAS DIVISION		
Oil and gas sales	1,700,222	1,124,649
Provincial tax credits	88,364	49,446
Royalties paid	(634,810)	(382,710)
Production costs	(163,116)	(145,421)
Loss on sale of oil and gas properties	-	(3,833)
	<u>990,660</u>	<u>642,131</u>
MINING DIVISION		
Consulting	1,176,707	1,138,255
Gain on sale of mining properties	197,703	445,212
Consulting, third party and other costs	(896,752)	(762,177)
	<u>477,658</u>	<u>821,290</u>
INTEREST AND OTHER INCOME	<u>96,208</u>	<u>45,888</u>
Total net revenue	<u>1,564,526</u>	<u>1,509,309</u>
EXPENSES		
General and administrative	579,079	497,334
Interest on long-term debt	68,318	36,292
Loss on foreign exchange	14,371	-
	<u>661,768</u>	<u>533,626</u>
INCOME GENERATED FROM OPERATIONS	<u>902,758</u>	<u>975,683</u>
CHARGES NOT REQUIRING FUNDS		
Depletion	104,971	98,166
Depreciation	108,601	71,511
Amortization of mining properties and claims	81,041	34,001
Dry holes and abandonments	974,483	131,179
	<u>1,269,096</u>	<u>334,857</u>
(LOSS) INCOME BEFORE INCOME TAXES	<u>(366,338)</u>	<u>640,826</u>
PROVISION FOR INCOME TAXES - Current	1,830	-
- Deferred (Note 3)	182,000	241,000
	<u>183,830</u>	<u>241,000</u>
NET (LOSS) INCOME FOR THE YEAR	<u>(550,168)</u>	<u>399,826</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Balance Sheet

December 31, 1980

(With comparative figures for the prior year)

	1980	1979
	\$	\$
ASSETS		
CURRENT ASSETS		
Short-term investments, at cost (market value - \$42,066)	31,703	8,819
Accounts receivable	571,604	888,675
Inventory of materials and supplies	37,956	8,800
Total current assets	641,263	906,294
FIXED ASSETS, at cost		
Petroleum and natural gas leases and rights including exploration, development and equipment thereon	3,981,927	2,957,440
Mining properties and claims including exploration, development and equipment thereon	399,503	145,791
Automotive and service equipment	115,841	92,356
Office equipment and improvements	134,826	73,667
Land and buildings	28,268	23,012
	4,660,365	3,292,266
Less accumulated depletion, depreciation and amortization	1,004,636	686,771
Net fixed assets	3,655,729	2,605,495
OTHER ASSETS		
Notes receivable (Note 4)	451,200	354,750
Refundable deposits	18,317	21,817
Incorporation expenses	2,715	2,715
Total other assets	472,232	379,282
	4,769,224	3,891,071
APPROVED ON BEHALF OF THE BOARD:		
 Director		
 Director		

The accompanying notes form an integral part of these financial statements.

LIABILITIES		
	1980 \$	1979 \$
CURRENT LIABILITIES		
Bank overdraft	259,020	261,176
Accounts payable and accrued liabilities	493,779	684,834
Total current liabilities	752,799	946,010
LONG-TERM DEBT (Note 2)	1,365,000	60,000
DEFERRED INCOME TAXES (Note 3)	586,790	404,790
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4)		
Authorized:		
150,000 cumulative, redeemable, convertible preferred shares with a par value of \$1 per share		
10,000,000 common shares without nominal or par value		
Issued and fully paid:		
41,667 preferred shares (1979 - 35,001)	41,667	35,001
4,259,156 common shares (1979 - 4,241,156)	2,462,594	2,436,844
PREMIUM ON PREFERRED SHARES	456,333	319,749
OTHER PAID IN CAPITAL	50,000	50,000
DEFICIT	(945,959)	(361,323)
Net shareholders' equity	2,064,635	2,480,271
	4,769,224	3,891,071

Consolidated Statement of Deficit

For the year ended
December 31, 1980

(With comparative figures for the prior year)

	1980 \$	1979 \$
DEFICIT, BEGINNING OF THE YEAR	361,323	757,885
NET LOSS (INCOME) FOR THE YEAR	<u>550,168</u>	<u>399,826</u>
	911,491	358,059
DIVIDENDS - PREFERRED SHARES	<u>34,468</u>	<u>3,264</u>
DEFICIT, END OF THE YEAR	<u><u>945,959</u></u>	<u><u>361,323</u></u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended
December 31, 1980

(With comparative figures for the prior year)

	1980 \$	1979 \$
WORKING CAPITAL PROVIDED		
Operations:		
Net income (loss) for the year	(550,168)	399,826
Add (deduct) items not affecting the use of working capital -		
Depletion, depreciation and amortization	294,613	203,678
Dry holes and abandonments	974,483	131,179
Gain on sale of mining properties	(197,703)	(445,212)
Loss on sale of oil and gas properties	-	3,833
Deferred income taxes	182,000	241,000
Working capital provided from operations	703,225	534,304
Proceeds on sale of fixed assets	199,663	537,566
Deposits held in trust	-	281,019
Issue of capital stock	169,000	611,745
Reduction of refundable deposits	3,500	-
Increase in long-term debt	1,305,000	-
	<u>2,380,388</u>	<u>1,964,634</u>
WORKING CAPITAL APPLIED		
Purchase of fixed assets	2,321,290	966,363
Deposits held in trust - liability	-	281,019
Refundable deposits	-	8,331
Reduction of long term debt	-	500,242
Payment of preferred share dividend	34,468	3,264
Increase in notes receivable	96,450	220,765
	<u>2,452,208</u>	<u>1,979,984</u>
DECREASE IN WORKING CAPITAL FOR THE YEAR	<u>71,820</u>	<u>15,350</u>
WORKING CAPITAL DEFICIENCY, BEGINNING OF THE YEAR	<u>39,716</u>	<u>24,366</u>
WORKING CAPITAL DEFICIENCY, END OF THE YEAR	<u>111,536</u>	<u>39,716</u>

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended
December 31, 1980

NOTE 1 - ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the accounts of Comaplex Resources International Ltd. and its wholly-owned subsidiaries, Wollex Exploration Ltd. and Comaplex Resources, Inc., and an 85% owned subsidiary Radiometric Surveys Ltd.

(b) Fixed assets

- (i) The companies capitalize all costs relative to exploration and development of petroleum and natural gas and mining properties. When such properties are proven to be productive the accumulated costs are transferred from undeveloped to producing properties. Lease rentals and other carrying costs are charged to expense as incurred.
- (ii) Costs pertaining to producing properties are depleted on a unit of production method based on estimated recoverable reserves. Non-producing petroleum and natural gas and mining properties not under current exploration or development are amortized at annual rates of 25% and 33 $\frac{1}{3}$ % respectively. The costs of abandoned properties are charged against income when the properties are surrendered.
- (iii) Depreciation of equipment is provided by the declining balance method at rates varying between 10% and 30% per annum.

(c) Income taxes

The companies follow the tax allocation method of accounting under which the income tax provision is based on the income reported in the accounts. Under this method, the companies provide for deferred income taxes to the extent that income taxes payable are eliminated by claiming capital cost allowances and exploration and development costs in excess of the depreciation and depletion provisions reflected in their accounts.

(d) Foreign currency translation

Amounts in U.S. dollar currency have been translated to Canadian dollars on the following basis:

- (i) Current assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- (ii) Fixed assets, at the rate of exchange in effect at the date on which the respective assets were acquired;
- (iii) Revenue and expenses (excluding depreciation, depletion and amortization which are translated at the same rates as the related assets) at the average rate of exchange for the year.

The resulting gains and losses are included in net income for the year.

Notes continued

NOTE 2 - LONG TERM DEBT

Long term debt consists of a bank demand loan, secured by the company's interest in certain petroleum and natural gas properties and by a general assignment of accounts receivable, and bears interest at the rate of prime plus 1%. The bank loan has no fixed terms of repayment; thus no portion of the loan has been reclassified to current liabilities.

NOTE 3 - DEFERRED INCOME TAXES

A wholly-owned subsidiary, Comaplex Resources, Inc. has incurred losses for income tax purposes of approximately \$1,080,000, which may be used to reduce future years taxable income. Since there is no virtual certainty of recovering this loss, no recognition has been given in these financial statements to the potential tax savings which may result.

NOTE 4 - CAPITAL STOCK

- (a) During the year the company increased its authorized share capital from 3,000,000 to 10,000,000 common shares without nominal or par value.
- (b) On August 13, 1980 the company's common shares split on a two for one basis.
- (c) During the year 18,000 common shares were issued as a result of the conversion of preferred shares into common shares.
- (d) The authorized 6% preferred shares are available for purchase under a key employee share purchase plan. Loans in the amount of \$498,000 bearing interest at 6% have been made to employees to acquire the preferred shares. At December 31, 1980 pursuant to the above plan, shares issued and held in trust pending payment by the employees are 41,667 preferred shares convertible into 238,000 common shares.

NOTE 5 - BUSINESS SEGMENT INFORMATION

Operations and fixed assets by geographic region for the year ended December 31, 1980 are summarized as follows:

	<u>Canada</u> \$	<u>United States</u> \$	<u>Total</u> \$
Net revenue	<u>1,529,018</u>	<u>35,508</u>	<u>1,564,526</u>
Net income (loss)	<u>317,736</u>	<u>(867,904)</u>	<u>(550,168)</u>
Fixed assets at December 31, 1980	<u>3,052,396</u>	<u>603,333</u>	<u>3,655,729</u>

Notes continued

NOTE 6 - DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

The aggregate remuneration paid to senior officers which includes the five highest paid employees during the year amounted to \$187,683.

NOTE 7 - EARNINGS PER SHARE

	1980	1979
	\$	\$
Basic earnings (loss) per share	<u>(0.13)</u>	<u>0.10</u>
Fully diluted earnings (loss) per share	<u>(0.12)</u>	<u>0.09</u>

The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years after giving retroactive effect to the stock split (2:1) on August 13, 1980.

NOTE 8 - RECLASSIFICATION

Certain of the prior year's figures have been reclassified to agree with the current year's financial statement presentation.

Auditors' Report

To the Shareholders
Comaplex Resources International Ltd.

We have examined the consolidated balance sheet of Comaplex Resources International Ltd. as at December 31, 1980 and the consolidated statements of loss, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the

results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Fairbairn & Balderson

Chartered Accountants
Calgary, Canada
March 9, 1981

